

## Message Text

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ACTION L-03

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 EA-10 FRB-03 INR-10 IO-13 NEA-11  
NSAE-00 ICA-11 OPIC-03 SP-02 TRSE-00 LAB-04  
SIL-01 AGRE-00 OMB-01 SS-15 JUSE-00 FTC-01 OIC-02  
NSC-05 /122 W

-----115541 251727Z /43

P 251700Z MAY 78  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC PRIORITY 6509  
INFO ALL EC CAPITALS PRIORITY

C O N F I D E N T I A L LONDON 08323

USOECN PRIORITY ALSO FOR EMBASSY

E.O.11652: XGDS-1  
TAGS: EGEN, EINV, ECOSOC, UN, UK  
SUBJECT: OECD SUPPORT FOR ILLICIT PAYMENTS AGREEMENT

REF: STATE 127544

1. CHARGE PRESENTED US VIEWS ON AN ILLICIT PAYMENTS  
AGREEMENT TO ACTING FOREIGN SECRETARY FRANK JUDD ON MAY  
24. JUDD RESPONDED WITH THE FOLLOWING POSITION:

(A) THE UK IS GENUINELY COMMITTED TO ACHIEVING AN INTER-  
NATIONAL AGREEMENT ON ILLICIT PAYMENTS AND CONSIDERABLE  
TIME HAS BEEN DEVOTED TO THIS ISSUE BY GOVERNMENT MINIS-  
TERS.

(B) THE FRENCH PROPOSALS PRESENT DIFFICULTIES FOR THE  
UK, PRIMARILY BECAUSE UNDER UK STATUTES WHEN THERE IS  
NO CRIME ON UK SOIL, THERE IS NO WAY TO APPLY A LAW  
EXTRATERRITORIALLY.

(C) THUS, ACCEPTANCE OF THE TERRITORIAL LINK WOULD MEAN  
THAT FUNDAMENTAL CHANGES WOULD HAVE TO BE MADE IN UK  
LAW.

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(D) BEFORE EMBARKING ON SUCH A FUNDAMENTAL CHANGE OF  
LAW, THE UK MUST BE CONVINCED THAT AN ILLICIT PAYMENTS  
TREATY CONTAINING A TERRITORIAL LINK CAN BE FAIRLY AND  
UNIFORMLY ENFORCED BY ALL PARTICIPATING PARTIES. JUDD  
ADDED THAT HE WAS NOT AWARE OF ANY PROSECUTIONS EVER  
HAVING TAKEN PLACE UNDER THE EXISTING FRENCH LAW ON  
ILLICIT PAYMENTS.

2. JUDD UNDERScored THE IMPORTANCE THE UK PLACES ON NOT RUSHING DEVELOPMENTS, AND ON TAKING SUFFICIENT TIME TO "GET IT RIGHT." HE SAID THE UK WAS NOT AGAINST SOME STATEMENT AT THE OECD MINISTERIAL. AFTER SOME DISCUSSION HE AGREED THAT A MINISTERIAL DECLARATION ENDORSING IN PRINCIPLE THE NEED FOR AN ILLICIT PAYMENTS AGREEMENT COULD BE SUPPORTED BY THE UK. HE DID NOT COMMIT THE GOVERNMENT TO ANY SPECIFIC ELEMENTS IN SUCH A DECLARATION. JUDD SAID THE UK IS READY TO WORK WITH THE U.S. ON AN OECD DECLARATION, BUT HE RE-EMPHASIZED THE PROBLEM CAUSED BY THE TERRITORIAL LINK.

3. JUDD PROMISED A CONSIDERED UK GOVERNMENT REPLY IN WRITING TO OUR VIEWS. GIVEN THE NEED FOR INTER-DEPARTMENTAL COORDINATION AND THE FOUR-DAY WEEK-END, MAY 26-29, EMBASSY DOES NOT EXPECT A RESPONSE BEFORE JUNE 2.

4. WE PLAN TO FOLLOW-UP ON THE ILLICIT PAYMENTS ISSUE WITH DAVID OWEN AND SECRETARY OF STATE FOR TRADE EDMUND DELL PRIOR TO THE OECD MINISTERIAL. GIVEN THE LONG-STANDING FIRMNESS OF VIEW ON THIS ISSUE, HOWEVER, WE RECOMMEND THAT SECRETARY VANCE RAISE THE ISSUE WITH DAVID OWEN DURING THEIR BILATERAL MEETING AT THE NATO SUMMIT OR THE OECD MINISTERIAL. SHOULD DELL BE ABLE TO ATTEND THE OECD MINISTERIAL, IT WOULD ALSO BE USEFUL IF CONFIDENTIAL

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THE SECRETARY AND/OR SECRETARY BLUMENTHAL PURSUED THE ISSUE WITH HIM. STREATOR

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NNN

## Message Attributes

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